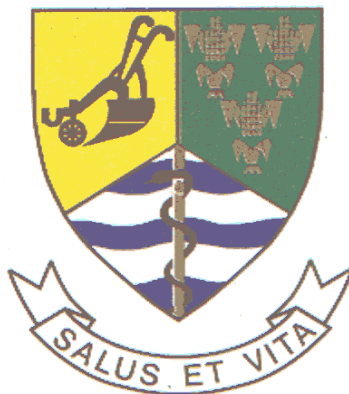


BELA BELA LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 30, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 18 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

N S BAMBO
MUNICIPAL MANAGER

DATE

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BELA BELA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		100 446 222	79 330 289
Government Grant Reserve		22 752 164	19 599 342
Capital Replacement Reserve		631 000	-
Accumulated surplus		77 063 058	59 730 947
Non-current liabilities			
Interest bearing borrowings	2	16 115 918	4 120 782
Current liabilities		25 536 601	25 128 698
Provisions	3	3 550 987	1 628 738
Consumer deposits	4	2 410 591	2 517 684
Trade and other payables	5	9 581 646	3 828 533
Unspent conditional grants and receipts	6	8 743 197	4 949 928
Bank overdraft	13	-	11 505 927
Current portion of interest bearing borrowings	2	1 250 181	697 888
TOTAL NET ASSETS AND LIABILITIES		142 098 741	108 579 769
ASSETS			
Non-current assets		86 170 023	80 293 068
Property, plant and equipment	7	86 163 410	80 286 455
Loans and receivables	8	6 613	6 613
Current assets		55 928 717	28 286 701
Inventory	9	1 434 336	1 176 843
Consumer debtors	10	21 950 568	22 522 663
Other debtors	11	7 738 947	482 156
Call Investment deposits	12	13 762 519	4 102 670
Bank balance and cash	13	11 042 347	2 369
TOTAL ASSETS		142 098 740	108 579 769

BELA BELA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
REVENUE			
Property rates	14	15 238 168	14 793 816
Property rates - penalties imposed and collection charges		-	-
Service charges	15	43 410 312	37 914 005
Rental of facilities and equipment		709 127	12 141
Interest earned - external investments			
Interest earned - outstanding debtors		3 364 247	3 190 012
Fines		2 990 747	279 364
Licences and permits		762 176	1 252 910
Government grants and subsidies	16	18 748 248	10 190 615
Other income		3 949 020	3 770 650
Total Revenue		89 172 045	71 403 513
EXPENDITURE			
Employee related costs	17	28 531 760	24 207 417
Remuneration of councillors	18	3 484 458	1 351 473
Bad debts		-	10 000 000
Collection costs			-
Depreciation		5 405 051	4 605 501
Repairs & Maintenance		5 992 605	4 155 722
Interest paid	19	790 688	769 738
Bulk purchases	20	18 488 095	18 014 187
General expenses	21	26 468 178	12 363 806
Loss on disposal of property, plant and equipment		-	60 769
Total Expenditure		89 160 835	75 528 613
SURPLUS/(DEFICIT) FOR THE YEAR		11 210	(4 125 100)

Refer to Appendix E(1) for the comparison with the approved budget

BELA BELA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	<u>Pre GAMAP Reserves & Funds</u>	<u>Government Grant Reserve</u>	<u>Capitalisation Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R
2006						
Balance at 1 July 2005	113 983 357				1 231 962	115 215 319
Implementation of GAMAP (note 21)	(113 983 357)	20 825 900			62 624 085	(30 533 372)
Restated balance	-	20 825 900			63 856 047	84 681 947
Net deficit for the year					(4 125 100)	(4 125 100)
Capital grants used to purchase PPE						-
Offsetting of Depreciation		(1 226 558)				(1 226 558)
Balance at 30 June 2006	-	19 599 342		-	59 730 947	79 330 289
2007						
Correction of error						-
Restated balance	-	19 599 342		-	59 730 947	79 330 289
Net surplus for the year					11 210	11 210
Adjustments					17 951 901	
Transfer to CRR			631 000		(631 000)	-
Capital grants used to purchase PPE		4 387 131				4 387 131
Donated/contributed PPE						-
Offsetting of Depreciation		(1 234 309)				(1 234 309)
						-
Balance at 30 June 2007	-	22 752 164	631 000	-	77 063 058	82 494 321

BELA BELA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		82 365 864	
Cash paid to suppliers and employees		(72 852 996)	
Cash generated from operations	22	18 025 797	23 209 078
Interest received		3 364 247	
Interest paid		(790 688)	(789 738)
NET CASH FROM OPERATING ACTIVITIES		21 390 044	22 419 340
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(11 282 106)	(16 476 805)
Decrease in loans and receivables			
NET CASH FROM INVESTING ACTIVITIES		(11 282 106)	(16 476 805)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		12 547 429	(1 174 814)
Increase in consumer deposits		(107 093)	(88 902)
NET CASH FROM FINANCING ACTIVITIES		12 440 336	(1 263 716)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		22 548 274	4 678 819
Cash and cash equivalents at the beginning of the year		(11 505 927)	6 827 108
Cash and cash equivalents at the end of the year	23	(11 042 347)	(11 505 927)

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarised as follows: -

GRAP 01	Presentation of financial statements
GRAP 02	Cash flow statements
GRAP 03	estimates and errors
GAMAP 04	The effects of changes in foreign exchange rates
GAMAP 06	accounting for controlled entities
GAMAP 07	Accounting for investments in associates
GAMAP 08	Financial reporting of interests in joint ventures
GAMAP 09	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007, exempted compliance with certain of the above mentioned standards and aspects or part of these standards. Details of the exemption applicable to the municipality have been provided in the notes to the annual financial statements.

GAMAP, GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP, GRAP and GAAP is set out in Note 21.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis

1.4 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1.5 RESERVES

1.5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after deducting the residual value of the assets from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. The annual depreciation rates are based on the following estimated asset lives:-

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1.6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Infrastructure</u>	<u>Years</u>	<u>Other</u>	<u>Years</u>
Roads and Paving	10	Buildings	30
Electricity	20	Other vehicles	5
Water	20	Office equipment	3
Sewerage	20	Furniture and fittings	5
Landfill sites		Bins and containers	5
<u>Community</u>	<u>Years</u>	Specialised plant and equipment	10
Buildings	30		
Recreational Facilities	30		
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Accounting Policy for the 2005/06 financial year

The carrying values of items of property, plant and equipment have not been adjusted with impairment losses as no impairment testing was done. The useful lives and residual values of assets classified as property, plant and equipment were not reviewed at financial year end.

No property was classified and disclosed as investment property. Land and buildings were recognised as items of property, plant and equipment.

Accounting Policy for the 2006/07 financial year

In terms of the exemptions granted by the Minister of Finance no review of useful life of items of PPE or the depreciation method applied to PPE was done as is required by GAMAP 17. No impairment testing was done for non-cash generating assets as well as cash generating assets due to the application of an exemption of IAS 36/AC 128 granted in Gazette 30013.

The municipality is exempt from IAS 40 (AC 135) as it has not recognised any property as investment property but as property, plant and equipment in terms of GAMAP 17. It only recognises its investment property where it is certain that it meets the definition of investment property.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1.7 INVESTMENTS

Financial instruments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Accounting Policy for the 2005/06 financial year

No impairment testing of assets is done to determine impairment losses that should be recognised as an expense in the period that the impairment is identified.

Accounting Policy for the 2006/07 financial year

The municipality did not test for impairment of assets as it is exempted from IAS 36 (AC128) entirely.

1.8 INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

The municipality is exempt from recognising an immovable capital assets as inventory in terms of GAMAP 12 if it has recognised immovable capital assets as property, plant and equipment in terms of GAMAP 17 and has not satisfied itself that the item is in actual fact inventory.

The municipality is exempt from recognising and disclosing self-purified water stock on hand at the end of the financial year as inventory in terms of GAMAP 12.

1.9 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1.10 LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

Accounting Policy for the 2005/06 financial year

Operating lease payments are recognised on the basis of the cash flows in the lease agreement.

Accounting Policy for the 2006/07 financial year

The municipality is exempt from recognising operating lease payments on a straight line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17).

1.11 TRADE AND OTHER PAYABLES

Trade and other payables are stated at their nominal value.

1.12 REVENUE RECOGNITION

1.12.1 Revenue from Exchange Transactions

Rendering of services (for example licence fees, permits, electricity, sewerage and water connections)

Revenue arising from the rendering of services and the application of the approved tariff of charges is recognised by reference to the percentage of completion as at the reporting date. Where the percentage of completion cannot be measured reliably, revenue from the rendering of services and the application of the approved tariff of charges is recognised to the extent of expenses are recoverable.

Sale of goods

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Service charges

Service charges relating to electricity and water are based on consumption metered and an estimate of consumption between the latest meter reading date and the reporting date.

In respect of consumption metered, meters are read on a monthly basis and are recognised as revenue when billed. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

1.12 REVENUE RECOGNITION (CONTINUED)

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Operating lease revenue is recognised on a straight-line basis over the lease term.

Interest

Interest is recognised on a time proportion basis.

Other grants and donations

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

1.12.2 Revenue from non-exchange transactions

Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Other

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.12 REVENUE RECOGNITION (CONTINUED)

Accounting Policy for the 2005/06 financial year

No initial measurement of fair value by discounting all future receipts using an imputed rate of interest is done. Revenue from the sale of goods and services are recognised at its face value/cost.

Accounting Policy for the 2006/07 financial year

The municipality is exempted from paragraph 12 of GAMAP 9 in initial measurement of fair value of revenue by discounting all future receipts using an imputed rate of interest. The initial recognition at fair value in accordance with GAMAP 9 and IAS 29/AC 133 is exempted. The municipality recognised revenue from the sale of goods and services at its face value. Any payables from the purchase of goods and services are also recognised at face value/cost.

1.13 BORROWING COSTS (EXPENSED)

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.14 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1.15 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.16 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

1.17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1.21 COMPARATIVE INFORMATION

1.21.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

1.21.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
2 INTEREST BEARING BORROWINGS		
Annuity loans	16 189 549	4 585 775
Other loans	1 176 550	232 895
	17 366 099	4 818 670
Less: current portion transferred to current liabilities	(1 250 181)	(697 888)
Annuity loans	(779 074)	(697 888)
Other loans	(471 108)	-
Total Interest Bearing Borrowings	16 115 918	4 120 782
Refer to Appendix A for more detail on long-term liabilities		
3 PROVISIONS - CURRENT		
Performance Bonus	241 306	-
Staff Leave	3 309 681	1 628 738
Total Provisions	3 550 987	1 628 738
The movement is reconciled as follows:		
Balance at beginning of year	1 628 738	1 628 738
Contributions to provision	1 922 249	-
Expenditure incurred	-	-
Balance at year end	3 550 987	1 628 738
Performance bonuses are paid one year in arrears as the assessment of eligible employees has not taken place at the reporting date and no present obligations exist.		
The municipality provides employees with annual leave and provision was made for total leave owing to officials at reporting date.		
4 CONSUMER DEPOSITS		
Electricity and water	2 410 591	2 517 684
Guarantees held in lieu of consumer deposits	440 895	438 895
5 TRADE AND OTHER PAYABLES		
Trade creditors	2 093 065	-
Other creditors	7 097 729	3 507 635
Retention	390 851	320 898
Payments received in advance		
	9 581 646	3 828 533
VAT is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS.		

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2 007	2 006
	R	R
6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
Finance Management grant	-	688 407
IDP grant	-	14 429
Capacity building grant	-	121 485
Revenue Enhancement grant	160 034	1 000 000
Community based grant	921 087	921 087
Radium Hydroponic grant	37 964	148 374
Vuna Awards	328 516	-
Housing grants	-	979 357
Cattle pound grant	364 300	380 000
INEP	125 064	129 800
Project management grant	566 989	566 989
Housing Project	6 239 243	-
Total Conditional Grants and Receipts	8 743 197	4 949 928
See note 16 for reconciliation of grants from other spheres of government.		
8 LOANS AND RECEIVABLES		
Eskom deposit	<u>6 613</u>	<u>6 613</u>
9 INVENTORY		
Consumable stores - at cost	<u>1 434 336</u>	<u>1 176 843</u>
10 CONSUMER DEBTORS		
	Gross	Provision for
	Balances	bad debts
		Net Balances
As at 30 June 2007		
Service debtors	32 789 633	16 642 938
Rates	12 510 608	6 352 231
Water	7 979 588	4 049 321
Electricity	3 215 062	1 631 040
Sewerage	4 311 446	2 187 538
Refuse	4 772 929	2 422 808
Other (specify)	11 782 844	5 978 970
Total	44 572 477	(22 621 909)
As at 30 June 2006		
Service debtors	45 144 571	12 621 908
Rates		
Water		
Electricity		
Sewerage		
Other (specify)		
Total	45 144 571	12 621 908

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Rates: Ageing		
Current (0 - 30 days)	1 512 934	
31 - 60 Days	712 403	
61 - 90 Days	775 417	
91 - 120 Days	451 348	
121 - 365 Days	191 849	
+ 365 Days	9 438 107	
Total	13 082 058	
(Water, electricity and sewerage): Ageing		
Current (0 - 30 days)	3 805 525	
31 - 60 Days	1 377 692	
61 - 90 Days	1 366 526	
91 - 120 Days	687 983	
121 - 365 Days	609 895	
+ 365 Days	12 983 340	
Total	20 830 961	
Other: Ageing		
Current (0 - 30 days)	205 275	
31 - 60 Days	185 943	
61 - 90 Days	194 535	
91 - 120 Days	113 057	
121 - 365 Days	66 050	
+ 365 Days	9 133 087	
Total	9 897 947	
Reconciliation of bad debt provision		
Balance at beginning of year	22 621 909	2 621 909
Contributions to provision	-	20 000 000
Bad debts written off against provision	-	-
Balance at year end	22 621 909	22 621 909
11 OTHER DEBTORS		
Vat Input	6 084 408	-
Other	1 654 539	482 156
	7 738 947	482 156
12 CALL INVESTMENT DEPOSITS		
Fixed deposits	13 762 519	4 102 670
13 BANK, CASH AND OVERDRAFT BALANCES		
The municipality has the following bank account:		
<u>Current Account (Primary Bank Account)</u>		
ABSA Bank - Bela Bela branch Account number: 1330000062		
Cash book balance at beginning of year	(11 505 927)	(8 574 743)
Cash book balance at end of year	11 040 087	(11 505 927)
Bank statement balance at beginning of year	(1 148 752)	(4 148 752)
Bank statement balance at end of year	(9 669 141)	(1 148 752)
Petty cash	2 260	2 369

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

14 PROPERTY RATES

Total assessment rates	15 238 168	14 793 816
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Valuations

Land	1 062 036 958	860 247 904
Improvements	1 292 486 585	1 130 288 975
Total property valuations	2 354 523 543	1 990 536 879

Valuations on land and building are performed every four years. The last valuation came into effect on 1 July 1999. Interim valuations are processed on a regular basis to take into account changes in individual property values due to subdivisions and alterations. A rate of R0.10 (2006: R0.095) is applied to land and R0.075 (2006: R0.070) on the improvement valuations to determine assessment rates. Rebates of 25% is granted to residential and state property owners. A rebate of 25% was granted to pensioners and medically unfit owners. A further rebate of 85% was granted to privately developed townships. Interest at 18% per annum is levied on outstanding rates.

15 SERVICE CHARGES

Sale of electricity	27 140 370	22 736 307
Sale of water	8 569 199	7 734 692
Refuse removal	3 963 862	3 875 204
Sewerage and sanitation charges	3 736 881	3 567 802
Total Service Charges	43 410 312	37 914 005

16 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	14 871 675	9 611 467
Finance Management Grant	1 188 407	441 422
Capacity building grant	121 485	137 726
Municipal Infrastructure Grant	2 370 592	
Seta Grant	74 604	
Capacity building grant	121 485	
Total Government Grants and Subsidies	18 748 248	10 190 615

16.1 Equitable share

In terms of the Constitution, the grant is used to subsidise the provision of free basic services to indigent community members. All registered indigents receive a monthly subsidy of R90 (2006: R90) which is funded from this grant. Included is an amount of R which was a special contribution for councillors remuneration.

16.2 Finance Management Grant

Balance unspent at beginning of year	688 407	629 829
Current year receipts	500 000	500 000
Conditions met - transferred to income	(1 188 407)	(441 422)
Conditions still to be met - transferred to liabilities	-	688 407

The grant was utilised for the appointment of the financial interns and assist with the implementation of the MFMA. The conditions of the grant were met. No funds have been withheld.

16.3 IDP grant

Balance unspent at beginning of year	14 429	14 429
Current year receipts	-	-
Conditions met - transferred to income	(14 429)	-
Conditions still to be met - transferred to liabilities	0	14 429

The grant was utilised for funding the IDP process. The conditions of the grant were met. There were no delay or withholding of the grant

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

16.4 Capacity building grant

Balance unspent at beginning of year	121 485	259 211
Current year receipts		-
Conditions met - transferred to income	- 121 485	(137 726)
Conditions still to be met - transferred to liabilities	<u>0</u>	<u>121 485</u>

The grant was utilised to purchase equipment. The conditions of the grant were met.

16.5 Revenue Enhancement grant

Balance unspent at beginning of year	1 000 000	1 000 000
Current year receipts	0	-
Conditions met - transferred to income	(839 966)	-
Conditions still to be met - transferred to liabilities	<u>160 034</u>	<u>1 000 000</u>

The grant was utilised to provide support in the finance department. The conditions of the grant were met. No funds have been withheld.

16.6 Community based grant

Balance unspent at beginning of year	921 087	921 087
Current year receipts		-
Conditions met - transferred to income		-
Conditions still to be met - transferred to liabilities	<u>921 087</u>	<u>921 087</u>

The grant was

16.7 Radium Hydroponic grant

Balance unspent at beginning of year	148 374	148 374
Current year receipts		-
Conditions met - transferred to income	(110 410)	-
Conditions still to be met - transferred to liabilities	<u>37 964</u>	<u>148 374</u>

The grant was utilised to assist emerging farmers in a project in Radium. The conditions of the grant were met. No funds have been withheld.

16.8 Housing grants

Balance unspent at beginning of year	979 357	979 357
Current year receipts	8 753 312	-
Conditions met - transferred to income	(5 530 266)	-
Conditions still to be met - transferred to liabilities	<u>4 202 404</u>	<u>979 357</u>

The grant was utilised to construct RDP houses. The conditions of the grant were met. No funds have been withheld.

16.9 Cattle pound grant

Balance unspent at beginning of year	380 000	380 000
Current year receipts		-
Conditions met - transferred to income	(15 700)	-
Conditions still to be met - transferred to liabilities	<u>364 300</u>	<u>380 000</u>

The grant will be utilised to implement measures to ensure that cattle do not roam on the roads. The conditions of the grant were met. No funds have been withheld.

16.10 INEP

Balance unspent at beginning of year	129 800	129 800
Current year receipts		-
Conditions met - transferred to income	(4 736)	-
Conditions still to be met - transferred to liabilities	<u>125 064</u>	<u>129 800</u>

The grant was utilised for the installation of electrical infrastructure. The conditions of the grant were met. No funds have been withheld.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

17 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and wages	20 992 338	17 671 819
Employee related costs - Contributions for UIF, pensions and medical aids	4 870 555	3 883 572
Travel and other allowances	505 851	916 757
Overtime allowances	2 163 015	1 735 269
Total Employee Related Costs	<u>28 531 759</u>	<u>24 207 417</u>

There were no advances to employees.

Remuneration of the Municipal Manager

Annual Remuneration	291 735	292 814
Performance bonus	-	-
Travel allowance	116 802	116 802
Council contributions	95 078	93 999
Total	<u>503 615</u>	<u>503 615</u>

Remuneration of the Chief Financial Officer

Annual Remuneration	282 642	-
Performance bonus	-	-
Travel allowance	90 000	-
Council contributions	77 358	-
Total	<u>450 000</u>	<u>-</u>

**Remuneration of Individual Managers
30 June 2007**

	Social Services	Technical Services	Corporate Services
Annual Remuneration	223 619	280 889	233 971
Performance bonus	-	-	-
Travel allowance	48 145	86 000	48 144
Council contributions	68 236	63 111	57 885
Total	<u>340 000</u>	<u>430 000</u>	<u>340 000</u>

**Remuneration of Individual Managers
30 June 2006**

	Social Services	Technical Services	Corporate Services
Annual Remuneration	242 216	280 889	233 971
Performance bonus	-	-	-
Travel allowance	48 144	86 000	48 144
Council contributions	49 640	63 111	57 885
Total	<u>340 000</u>	<u>430 000</u>	<u>340 000</u>

18 REMUNERATION OF COUNCILLORS

	2 007	2 006
	R	R
Mayor	544 774	260 610
Speaker	256 660	108 293
Mayoral Committee members	624 989	223 254
Councillors	1 807 087	536 960
Council's contributions	250 949	222 356
Total Councillors Remuneration	<u>3 484 459</u>	<u>1 351 473</u>

In kind benefits

The Executive Mayor and Speaker are full time councillors. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties. The Executive Mayor has two full-time bodyguards.

19 INTEREST PAID

Long-term liabilities	790 688	775 887
Bank overdraft		
Total Interest on External Borrowings	<u>790 688</u>	<u>775 887</u>

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

20 BULK PURCHASES

Electricity	14 607 106	14 022 639
Water	3 880 989	3 991 548
Total Bulk Purchases	18 488 095	18 014 187

21 GENERAL EXPENSES

Local Economic Development	549 379	
Fuel and Oil	1 441 051	
Banking Cost	331 469	
Continued Members Medical Contributions	432 011	
Computer Licence and Contracts	1 217 331	
Delegation Cost	353 496	
Meter Reading	2 444 811	
Workmen Compensation	777 364	
Legal Consultation	1 362 971	
Telephone Cost	824 004	
Risk and Assets Management	2 099 663	
Transport Cost	1 385 096	
Valuation Costs	2 537 284	
Grant Expenditure	1 202 523	
External Audit	361 445	
Capacity Building	204 926	
Uniform and Clothing	399 311	
Hire Charges Photo copiers	225 675	
Equitable Share Levy	3 652 291	
Skill Development Levy	116 826	
External Communication	132 773	
Community Outreached Programme	229 248	
Printing & Stationery	371 905	
Chemical	212 414	
Other Expenses	3 602 911	
Total General Costs	26 468 178	0

21 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:-

21.1 Statutory Funds

Balance previously reported:-

Capital Development Fund	5 895 007
Land Trust Fund	8 080 182
Township Development Suspense	1 292 165
Total	15 267 354

Implementation of GAMAP

Transferred to Accumulated Surplus (see below)	15 267 354
--	-------------------

21.2 Loans redeemed and other capital receipts

Balance previously reported:-

98 716 003

Implementation of GAMAP

Transferred to Government Grant Reserve	20 825 901
Transferred to Accumulated Surplus (see below)	77 890 102
	98 716 003

21.3 Accumulated Depreciation

Balance previously reported:-

Implementation of GAMAP

Backlog depreciation: Land and buildings	4 800 076
Backlog depreciation: Infrastructure	7 425 041
Backlog depreciation: Community	3 438
Backlog depreciation: Other	8 790 109
Total (debited to Accumulated Surplus)(see below)	21 018 664

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

21.4 Current provisions

Balance previously reported:-

Implementation of GAMAP

Transferred from Accumulated Surplus

Provision for bad debts

10 000 000

22 CASH GENERATED FROM OPERATIONS

Net surplus/(deficit) for the year	11 210	(4 125 100)
Adjustment for: -		
Depreciation	5 405 051	4 605 501
Interest paid	790 688	769 738
Interest received	(3 364 247)	
Loss on disposal of property, plant and equipment		60 769
GAMAP GRAP adjustments		15 789 046
Contributions to provisions - current	3 550 987	
Non cash adjustments	9 027 916	
Operating (deficit)/surplus before working capital changes	15 421 605	17 099 954
Decrease/(Increase) in Debtors	572 095	7 711 103
Increase in inventory	(257 493)	(344 082)
Decrease in Other Debtors	(7 256 791)	
Decrease in Unspent Conditional Grants and Receipts	3 793 269	
(Decrease)/Increase in Creditors	5 753 113	(5 403 956)
Decrease in investment deposits		4 146 059
Cash generated by/(utilised in) operations	18 025 797	23 209 078

2 007

R

2 006

R

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:

Bank balance	11 039 747	(11 505 927)
Petty cash	2 600	2 369
	11 042 347	(11 503 558)

24 UTILISATION OF INTEREST BEARING BORROWINGS RECONCILIATION

Interest bearing borrowings (see note 2)

Used to finance property, plant and equipment - at cost

Sub total

Cash set aside for the repayment of long term liabilities

Cash invested for repayment of long-term liabilities (see note)

Long term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure long-term liabilities can be repaid on redemption date.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

25 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Reconciliation of fruitless and wasteful expenditure

Opening Balance		
Fruitless and wasteful expenditure current year		
Condoned or written off by Council	0	0
To be recovered - Contingent Asset	0	0
Fruitless and wasteful expenditure awaiting condonement	<u>0</u>	<u>0</u>

Prior year

This expenditure arose from late payment to a contractor on an MIG project. A disciplinary case is currently in progress.

Reconciliation of irregular expenditure

Opening Balance	0	0
Irregular expenditure current year	0	
Condoned or written off by Council	0	
Transfer to receivable for recovery (note 9)	0	
Irregular expenditure awaiting condonement	<u>0</u>	<u>0</u>

This expenditure arose from the granting of conditional bursaries which is regarded as contravening the MFMA.

2 007 R 2 006 R

26 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

26.1 Contributions to organised local government

Opening Balance		
Council subscriptions	110 728	104 460
Amount Paid - current year	- 110 728	- 104 460
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

26.2 Audit fees

Opening balance		
Current year audit fees	361 445	175 131
Amount paid - current year	- 361 445	- 175 131
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

26.3 VAT

VAT input receivables and VAT output receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

26.4 PAYE and UIF

Opening Balance	0	
Current year payroll deductions	3 186 551	2 336 622
Amount Paid - Current year	-3 186 551	-2 336 622
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

The balance represents PAYE and UIF deducted from the June 2007 payroll. These amounts were paid during July 2007.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

26.5 Pension and Medical Aid deductions

Opening Balance	0	
Current year payroll deductions	6 431 998	5 289 466
Amount Paid - Current year	-6 431 998	-5 289 466
Balance unpaid (included in creditors)	0	

The balance represents pension and medical aid contributions deducted from employees in the June 2007 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2007.

26.6 Councillor's arrear consumer accounts

No Councillors were owing as at 30 June 2007

	2 007	2 006
	R	R
27 REMUNERATION OF AUDIT COMMITTEE MEMBERS		
Remuneration	53 039	0

3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses.

28 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for		
- Land and buildings	5 014 013	0

The expenditure will be financed from:

- Own resources	651 000
- MIG	4 363 013
	5 014 013

29 RETIREMENT BENEFIT INFORMATION

The last valuations of Transvaal Municipal Pension Fund was done on 30 June 2003.

Joint Municipal Pension Fund

Actuarial Valuation	2005	2002
	R'000	R'000
Assets	3 046 791	1 956 589
Obligations	2 850 679	1 956 589
Surplus / (Deficit)	196 112	0

This represents a funding level of 66.4%.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Municipal Employees Gratuity Fund

The last valuation of the Municipal Employees Gratuity Fund was done on 30 June 2002

	30/06/2006	30/06/2005
	R'000	R'000
Actuarial Valuation		
Share account	6 417 800	5 372 359
Reserve Account	0	0
Value of Fund 30 June 2002	6 417 800	5 372 359

The fund is financial sound for the requirements of the Pension Fund Act.

Municipal Employees Pension Fund

Sala Pension Fund

	01/07/2005	01/07/2006
	R'000	R'000
Actuarial Valuation		
Assets	4 151	5 023
Liabilities	4 086	5 023
Surplus/(Deficit)	66	0

30 EVENTS AFTER REPORTING DATE

The Council has approved the Credit Control once off Incentive Scheme that will write off 50% if the Outstanding household debtors account should the debtor participate. The current provision for bad debt will be sufficient to cater for that.

31 COMPARISON WITH BUDGET

The comparison of the Municipality's actual performance with that budgeted is set out in Annexure E(1) and E(2).

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

7 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2006	39 412 700	35 512 409	16 491	5 344 755	80 286 355
Cost	45 580 086	45 385 151	20 616	14 688 248	105 674 101
Accumulated Depreciation	(6 167 386)	(9 872 742)	(4 125)	(9 343 493)	(25 387 746)
Acquisitions	369 389	7 702 012	-	2 724 718	10 796 119
Assets Under Construction		485 987			485 987
Depreciation	(1 368 849)	(2 459 179)	(687)	(1 576 336)	(5 405 051)
Carrying values at 30 June 2007	38 413 240	41 241 229	15 804	6 493 137	86 163 410
Cost	45 949 475	53 573 150	20 616	17 412 966	116 956 207
Accumulated Depreciation	(7 536 235)	(12 331 921)	(4 812)	(10 919 829)	(30 792 797)
Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
Carrying values at 1 July 2005	40 521 914	24 065 563	17 178	3 871 165	68 475 820
Cost	45 321 990	31 490 604	20 616	12 661 274	89 494 484
Accumulated Depreciation	(4 800 076)	(7 425 041)	(3 438)	(8 790 109)	(21 018 664)
Acquisitions	258 096	13 894 547	-	2 324 162	16 476 805
Depreciation	(1 367 310)	(2 447 701)	(687)	(789 803)	(4 605 501)
Carrying value of disposals				(60 769)	(60 769)
Cost				(297 188)	(297 188)
Accumulated depreciation				236 419	236 419
Carrying values at 30 June 2006	39 412 700	35 512 409	16 491	5 344 755	80 286 355
Cost	45 580 086	45 385 151	20 616	14 688 248	105 674 101
Accumulated Depreciation	(6 167 386)	(9 872 742)	(4 125)	(9 343 493)	(25 387 746)

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of been constructed.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether infrastructure and community assets are impaired. It is expected that an assessment of impairments will be done by 30 June 2008.

BELA BELA MUNICIPALITY

APPENDIX A SCHEDULE OF EXTERNAL LOANS

EXTERNAL LOANS	Interest rate	Loan Number	Redeemable	Balance at 2006/06/30	Received during the period	Redeemed written off during the period	Balance at 2007/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
ANNUITY LOAN									
INCA	14.80%	BELA-00-0002	June 2012	4 672 396	0	519 622	4 152 774		
INCA	10.49%	BELA-00-0003	Jun-27	0	12 036 775		12 036 775		
Wesbank	16.40%	NBP01143K	Aug 2008	125 228	0	52 661	60 921		
Bankfin				107 667	0	107 667	0		
ABSA		71830379	Aug 2008	0	1 320 266	294 600	1 025 666		
Bankfin							89 923		
ABSA									
TOTAL EXTERNAL LOANS				4 905 291	13 357 041	974 549	17 366 059	0	0

BELA BELA MUNICIPALITY

APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer	Disposals	Closing Balance	
Land and Buildings												
Land	4 560 771	-			-	4 560 771	-	-		-	-	4 560 771
Buidlings	41 019 314	369 389			-	41 388 703	6 167 387	1 368 849		-	7 536 236	33 852 467
	45 580 085	369 389	-	-	-	45 949 474	6 167 387	1 368 849	-	-	7 536 236	38 413 238
Infrastructure												
Roads	3 574 101	2 680 148				6 254 249	486 613	360 876			847 489	5 406 760
Sewer	10 438 459	1 770 049				12 208 508	2 064 126	529 673			2 593 799	9 614 709
Water	14 473 309	2 772 097		485 987		17 731 393	2 886 464	723 665			3 610 129	14 121 264
Electricity	16 899 282	479 718				17 379 000	4 435 539	844 964			5 280 503	12 098 497
Total Infrastructure	45 385 151	7 702 012	-	485 987	-	53 573 150	9 872 742	2 459 178	-	-	12 331 920	41 241 230
Community Assets												
Civic buildings	20 616	-				20 616	4 125	687			4 812	15 804
Libraries						-					-	-
Recreational Centres						-					-	-
Total Community Assets	20 616	-	-	-	-	20 616	4 125	687	-	-	4 812	15 804
Other Assets												
Motor Vehicles	7 371 556	1 158 435				8 529 991	4 904 133	851 198			5 755 331	2 774 660
Office Equipment	2 279 846	393 160				2 673 006	405 320	436 204			841 524	1 831 482
Furniture and Fittings	1 250 422	337 176				1 587 598	510 100	187 511			697 611	889 987
Machinery	3 786 426	835 947				4 622 373	3 523 939	101 423			3 625 362	997 011
Total other Assets	14 688 250	2 724 718	-	-	-	17 412 968	9 343 492	1 576 336	-	-	10 919 828	6 493 140
TOTAL	105 674 102	10 796 119	-	485 987	-	116 956 208	25 387 746	5 405 050	-	-	30 792 796	86 163 412

Assets under construction refers to the

BELA BELA MUNICIPALITY

APPENDIX C SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	801 941	61 968	-	-	863 909	420 762	150 008	-	570 770	293 139
Finance & Admin	2 545 178	791 914	-	-	3 337 092	515 374	438 642	-	954 016	2 383 076
Planning & Development	45 600 700	282 871	-	-	45 883 571	6 171 512	1 379 355	-	7 550 867	38 332 704
Health	195 438	-	-	-	195 438	187 269	8 192	-	195 461	(23)
Community & Social services	397 829	-	-	-	397 829	76 695	70 725	-	147 420	250 409
Public Safety	595 562	100 542	-	-	696 104	240 387	83 452	-	323 839	372 265
Sport & Recreation	67 841	-	-	-	67 841	53 613	4 606	-	58 219	9 622
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Management	501 008	324 596	-	-	825 604	501 008	15 505	-	516 513	309 091
Waste Water Management	10 471 864	1 969 015	-	-	12 440 879	2 091 914	537 477	-	2 629 391	9 811 488
Road Transport	8 094 027	3 637 393	-	-	11 731 420	3 663 794	841 422	-	4 505 216	7 226 204
Water	17 473 842	2 772 097	485 987	-	20 731 926	5 717 323	772 238	-	6 489 561	14 242 365
Electricity	18 928 870	855 722	-	-	19 784 592	5 748 095	1 103 430	-	6 851 525	12 933 067
Other										
TOTAL	105 674 100	10 796 118	485 987	-	116 956 205	25 387 746	5 405 052	-	30 792 798	86 163 407

BELA BELA MUNICIPALITY

APPENDIX D SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income	2006 Actual Expenditure	2006 (Surplus)/ Deficit		2007 Actual Income	2007 Actual Expenditure	2007 (Surplus)/ Deficit
R	R	R		R	R	R
	4 530 802	(4 530 802)	Executive & Council		6 597 998	(6 597 998)
30 275 820	22 456 942		Finance & Admin	38 911 532	27 239 898	11 671 634
2 577 869	93 151	2 484 718	Planning & Development	189 402	1 779 135	(1 589 733)
	797 509	(797 509)	Health		1 083 527	(1 083 527)
4 643	1 264 783	(1 260 140)	Community & Social services	18 030	2 006 927	(1 988 897)
402 342	1 458 551	(1 056 209)	Public Safety	3 278 887	2 238 819	1 040 068
76 759	2 354 973	(2 278 214)	Sport & Recreation	80 197	2 787 781	(2 707 584)
-	-	-	Environmental Protection	-	-	-
3 875 204	2 472 842	1 402 362	Waste Management	4 005 615	3 080 018	925 597
3 567 802	1 657 742	1 910 060	Waste Water Management	3 739 935	2 373 890	1 366 045
1 612 595	6 060 591	(4 447 996)	Road Transport	3 426 926	8 210 881	(4 783 955)
7 822 978	9 411 644	(1 588 666)	Water	8 603 013	10 553 838	(1 950 825)
22 736 307	20 462 485	2 273 822	Electricity	27 177 306	21 370 218	5 807 088
			Other			
72 952 319	73 022 015	(7 888 574)	TOTAL	89 430 843	89 322 930	107 913
			Less Inter-Department Charges			
72 952 319	73 022 015	(7 888 574)	TOTAL	89 430 843	89 322 930	107 913

BELA BELA MUNICIPALITY

UNAUDITED INFORMATION - APPENDIX E(1) ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

REVENUE	2007	2007	2007	2007	Explanation of Significant Variances greater than 10% versus Budget
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Variance</u>	
	R	R	R	%	
Property rates	15 238 168	15 543 733	(305 565)	-1.97	
Property rates - penalties imposed and collection charges	-	-	-	0.00	
Service charges	43 410 312	41 873 767	1 536 545	3.67	
Rental of facilities and equipment	709 127	329 500	379 627	115.21	
Interest earned - external investments	-	-	-	0.00	
Interest earned - outstanding debtors	3 364 247	2 900 000	464 247	16.01	
Fines	2 990 747	2 506 000	484 747	0.00	
Licences and permits	762 176	850 000	(87 824)		
Government grants and subsidies	18 748 248	14 874 675	3 873 573	0.00	
Other income	3 949 020	1 452 249	2 496 771	0.00	
Public contributions and donations	-	-	-		
Gains on disposal of property, plant and equipment	-	-	-		
Total Revenue	89 172 045	80 329 924	8 842 121		
EXPENDITURE					
Employee related costs	28 531 760	25 444 946	3 086 814	12.13	
Remuneration of councillors	3 484 458	3 608 276	(123 818)	-3.43	
Bad debts	-	5 500 000	(5 500 000)	-100.00	
Collection costs	-	-	-	0.00	
Depreciation	5 405 051	-	5 405 051	0.00	
Repairs & Maintenance	5 992 605	4 744 388	1 248 217	26.31	
Interest paid	790 688	2 345 079	(1 554 391)	-66.28	
Bulk purchases	18 488 095	20 351 832	(1 863 737)	-9.16	
Contracted services	-	-	-	0.00	
General expenses	26 468 178	18 279 986	8 188 192	44.79	
Loss on disposal of property, plant and equipment	-	-	-		
Total Expenditure	89 160 835	80 274 507	8 886 328		
NET SURPLUS/(DEFICIT) FOR THE YEAR	11 210	55 417	(44 207)		

BELA BELA MUNICIPALITY

UNAUDITED INFORMATION - APPENDIX E(2) ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Under</u> <u>Construction</u>	<u>2007</u> <u>Revaluation</u>	<u>2007</u> <u>Total</u> <u>Additions</u>	<u>2007</u> <u>Budget</u>	<u>2007</u> <u>Variance</u>	<u>2007</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R		R	R	R	%	
Land and Buildings								
Land	0			-	-	-	0.00	
Buildings	369 389			369 389	408 000	(38 611)	-9.46	
	<u>369 389</u>	<u>0</u>	<u>0</u>	<u>369 389</u>	<u>408 000</u>	<u>- 38 611</u>		
Infrastructure								
Roads	2 680 148			2 680 148	3 646 000			
Sewer	1 770 049			1 770 049	1 600 000			
Water	2 772 097	485 987		3 258 084	4 627 000			
Electricity	479 718			479 718	2 040 000			
	<u>7 702 012</u>	<u>485 987</u>	<u>0</u>	<u>3 737 802</u>	<u>6 667 000</u>	<u>0</u>		
Community Assets								
Civic buildings	0			-				
Libraries								
Recreational Centres								
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Other Assets								
Motor Vehicles	1 158 435			1 158 435	-	1 158 435		
Office Equipment	393 160			393 160		393 160		
Furniture and Fittings	337 176			337 176	350 000	(12 824)	-3.66	
Machinery	835 947			835 947	898 000	(62 053)	(6.91)	
	<u>2 724 718</u>	<u>0</u>	<u>0</u>	<u>2 724 718</u>	<u>1 248 000</u>	<u>1 476 718</u>		
TOTAL	<u>10 796 119</u>	<u>485 987</u>	<u>-</u>	<u>6 831 909</u>	<u>8 323 000</u>	<u>1 438 107</u>		

BELA BELA MUNICIPALITY

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APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2007

GRANT AND SUBSIDIES RECEIVED

[illegible]